



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

January 9, 2013

REPLY TO THE ATTENTION OF

VIA E-MAIL & CERTIFIED MAIL

Karl A. Karg
Latham & Watkins, LLP
233 S. Wacker Drive, Suite 5800
Chicago, IL 60606

Richard C. Yde
Stafford Rosenbaum LLP
222 West Washington Avenue, Suite 900
P.O. Box 1784
Madison, WI 53701-1784

Gregory A. Fontaine, Esq.
Leonard, Street and Deinard
150 South Fifth Street Suite 2300
Minneapolis, MN 55402

Robert M. Baratta, Jr., Esq.
Freeborn & Peters LLP
311 South Wacker Drive Suite 3000
Chicago, IL 60606-6677

Re: Ashland/Northern States Power Lakefront Site - Settlement Meeting

Dear Messrs. Karg, Yde, Fontaine and Barratta:

I am writing to confirm our recent conversations regarding a meeting on February 7, 2013, between the U.S. Environmental Protection Agency ("EPA"), the U.S. Department of Justice ("DOJ"), the Wisconsin Department of Natural Resources ("WDNR"), and the recipients of EPA's Special Notice Letter dated April 27, 2011: the Northern States Power Company, a Wisconsin corporation ("NSPW"), the City of Ashland, Wisconsin, the Soo Line Railroad, and Wisconsin Central Ltd. By letter dated July 14, 2011, EPA informed each recipient that its response to the Special Notice Letter was inadequate and that EPA was not extending the initial 60-day moratorium on taking enforcement actions. EPA, DOJ and WDNR subsequently met separately with all of the parties. Settlement discussions with NSPW culminated in entry of the Consent Decree in October 2012 to implement the Remedial Action and Remedial Design for the upland portions of the Site. Since entry of the Consent Decree the government has had further discussions with each party regarding a final settlement to implement the remedy for the contaminated sediments in Chequamegon Bay as part of a second and final consent decree.

Toward that end, EPA will host a meeting of all of the parties at its offices located at 77 W. Jackson Boulevard in Chicago. I have reserved the Lake Erie conference room on the 12th floor from 10 a.m. to 4 p.m. As we have discussed, the purpose of the meeting will be to continue settlement discussions to try and facilitate a settlement to address the government's claims for response costs and implementation of the sediment remedy selected by EPA in the Record of Decision dated September 30, 2010. In addition, a global settlement of all the parties could resolve the ongoing contribution lawsuit filed by NSPW against the City of Ashland and the railroads.

EPA and DOJ will provide an agenda and additional information prior to the meeting. Please confirm your attendance and the names of any other representatives. I look forward to seeing you on February 7th.

Sincerely,

A handwritten signature in blue ink, appearing to read "Craig Melodia", is written over the word "Sincerely,".

Craig Melodia
Associate Regional Counsel